

COMMONWEALTH OF MASSACHUSETTS

DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

)
NORTH ATTLEBORO GAS COMPANY,)
PROVIDENCE ENERGY CORPORATION,)
)
AND) D. T. E. 00-____
)
SOUTHERN UNION COMPANY)
)

JOINT PETITION OF NORTH ATTLEBORO GAS COMPANY,
PROVIDENCE ENERGY CORPORATION
AND SOUTHERN UNION COMPANY
FOR APPROVAL OF MERGER

North Attleboro Gas Company ("North Attleboro"), Providence Energy Corporation ("ProvEnergy") and Southern Union Company ("Southern Union") (collectively "Petitioners") respectfully move the Department of Telecommunications and Energy (the "Department") to:

- (1) Approve the merger of North Attleboro with and into ProvEnergy and the merger of ProvEnergy with and into Southern Union pursuant to G.L. c. 164, § 96; and
- (2) Determine that any transfer of North Attleboro's franchise that may be deemed to occur as a result of the mergers and related transactions is approved in accordance with G.L. c. 164, § 96, and therefore, no approval by the Massachusetts General Court is required under G.L. c. 164, § 21.

In support of their Petition, North Attleboro, ProvEnergy and Southern Union state the

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following:

DESCRIPTION OF THE PARTIES

1. ProvEnergy is a holding company established and incorporated under the laws of the State of Rhode Island in 1991, with a principal place of business in Providence, Rhode Island. ProvEnergy owns 100 percent of the issued and outstanding stock of its two operating subsidiaries, North Attleboro and the Providence Gas Company ("ProvGas"), which are natural gas local distribution companies. Through its gas distribution subsidiaries, ProvEnergy serves approximately 170,000 customers within a 760-square mile service territory.

2. Southern Union is a natural gas local distribution company, incorporated under the laws of the State of Delaware, and has been in existence since 1929, with a principal place of business in Austin, Texas. Southern Union, as provided in its articles of incorporation, has been organized for several purposes including the distribution and sale of natural gas. Southern Union currently serves approximately 1.2 million natural gas customers through four operating divisions in: (1) Texas as Southern Union Gas Company, serving approximately 523,000 customers; (2) Missouri as Missouri Gas Energy, serving approximately 487,000 customers; (3) Florida as South Florida Natural Gas, serving approximately 5,000 customers; and (4) Pennsylvania as PG Energy, serving approximately 154,000 customers. In addition to its natural gas distribution divisions, Southern Union also has several energy-related, non-utility subsidiaries.

3. North Attleboro was organized in 1930 as a Massachusetts gas company pursuant to G.L. c. 164, § 1, with a principal place of business in North Attleboro, Massachusetts. North Attleboro became a wholly owned subsidiary of ProvEnergy in 1987. North Attleboro currently serves approximately 3,800 natural gas customers in a 33-square mile service territory located just northeast of Providence, Rhode Island.

DESCRIPTION OF THE TRANSACTION

4. ProvEnergy and Southern Union entered into an Agreement and Plan of Merger dated November 15, 1999 ("Merger Agreement," copy attached). Under the Merger Agreement, North Attleboro will merge with and into ProvEnergy and ProvEnergy will merge with and into Southern Union, as described below. As a result of the Merger Agreement, North Attleboro will become an operating division of Southern Union.

5. The Merger Agreement sets forth the following sequence of events that will result in North Attleboro becoming an operating division of Southern Union:

(a) Southern Union will create GUS Acquisition Corporation ("NewCo") as a Rhode Island corporation and wholly owned subsidiary of Southern Union for the purpose of effecting the merger with ProvEnergy and its wholly owned subsidiaries.

(b) NewCo will be merged with and into ProvEnergy in accordance with the laws of the State of Rhode Island. ProvEnergy will be the surviving corporation in the merger and will continue its existence under the laws of the State of Rhode Island.

(c) Immediately following the merger of NewCo with and into ProvEnergy, ProvEnergy, the surviving corporation, will adopt an agreement and plan of merger by which North Attleboro will merge with and into ProvEnergy, in accordance with the general business laws of Massachusetts and Rhode Island, with ProvEnergy being the surviving corporation.

(d) Immediately following the merger of North Attleboro with and into ProvEnergy, ProvEnergy, the surviving corporation, will adopt an agreement and plan of merger by which ProvGas will merge with and into ProvEnergy, in accordance with the general business laws of Rhode Island, with ProvEnergy being the surviving corporation.

(e) Immediately following the merger of ProvGas with and into ProvEnergy, Southern

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Union will adopt an agreement and plan of merger by which ProvEnergy will merge with and into Southern Union in accordance with the general business laws of Rhode Island and Delaware, with Southern Union being the surviving corporation.

(f) At the effective time of the merger between ProvEnergy and Southern Union, each outstanding share of ProvEnergy common stock will be automatically converted into the right to receive \$42.50 in cash.

(g) Upon the completion of the conversion of ProvEnergy common stock into cash, as described above, North Attleboro will become a division of Southern Union.

6. Votes of the stockholders of North Attleboro, ProvEnergy and Southern Union approving the mergers will be provided to the Department.

7. The testimony of Peter H. Kelley, Ronald J. Endres, and James DeMetro, explaining in detail the proposed transaction and its expected benefits, is enclosed herewith as Exhibits PHK-1, RJE-1, and JD-1, respectively. In addition, the Merger Agreement and Southern Union's 1999 Annual Report, Form 10-K and Form 10-Q are enclosed herewith.

8. The petitioners submit that the merger of North Attleboro with and into ProvEnergy and the merger of ProvEnergy with and into Southern Union is consistent with the public interest and satisfies the Department's standard of review under G.L. c. 164, § 96.

WHEREFORE, the Petitioners respectfully request that the Department:

(1) Determine that the merger of North Attleboro with and into ProvEnergy and ProvEnergy with and into Southern Union is consistent with the public interest, and is authorized and approved pursuant to G.L. c. 164, § 96;

(2) Confirm that Southern Union, as the surviving corporation of the mergers, will continue to have all the franchise rights and obligations that were previously held by North Attleboro, and that further action, pursuant to G.L. c. 164, § 21, is not required to consummate the merger; and

(3) Grant such further relief as the Department may deem lawful and just.

Respectfully submitted,

NORTH ATTLEBORO GAS COMPANY

PROVIDENCE ENERGY CORPORATION

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